A significant fraction of U.S. workers were born overseas to parents who were not U.S. citizens. In 2003, these foreign-born workers represented about 14% of the labor force. They differ from native-born workers in their participation and unemployment rates, ethnic backgrounds, and occupations. Identifying these differences is essential to understanding how immigration influences the U.S. labor market.

In ethnic composition, the two groups differ dramatically, notably because of immigration from Asia and Latin and South America. Almost half of foreign-born workers have Hispanic or Latino origins, but the vast majority (80%) of native-born workers are non-Hispanic or -Latino whites. Also, nearly 25% of foreign-born workers are from Asia, compared to only 1% of U.S. natives.

In 2003, foreign-born workers tended to have less education than the native born and were more likely to work in construction, maintenance, transportation, material moving, and service industries (food preparation, building, cleaning). In contrast, native-born workers were more likely to be in sales, office, management, and professional occupations.

The 67.4% labor force participation rate of the foreign born exceeded the 66.1% of the native born. The difference was even more pronounced among men; 80.6% of foreign-born men participated in the labor force, compared to 72.3% of the native born. In contrast, only 54.2% of foreign-born women participated, compared to 60.4% of native-born women.

Foreign-born workers’ 6.6% unemployment rate exceeded native-born workers’ 5.9%. Almost all the difference was explained by women, whose unemployment rates were 7.1% for the foreign born and only 5.5% for the native born.